HMRC - OT21028 - Arm’S Length Sales And Transportation Costs

CTA10\S280 +

Oil can be sold at arm’s length under a contract that requires the seller to meet some or all of the costs of transporting the oil and for PRT purposes the arm’s length price is adjusted to take account of those costs (OTA75\S2(5A) - see OT05100). This adjusted price is also used for CT ring fence purposes.

For chargeable periods ending on or before 30 June 2006, the adjustment for transportation costs applied only where the contract required first delivery outside the UK. As part of the FA06 reforms this was extended to include oil first delivered to a place inside or outside the UK.

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